

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 90-004-E - ORDER NO. 93-578

JUNE 29, 1993

IN RE: Semi-Annual Review of Base Rates for) ORDER ON REMAND
Fuel Costs of Carolina Power & Light)
Company.)

This matter is before the Public Service Commission of South Carolina (the Commission) on the January 31, 1992, Order of the Honorable Walter J. Bristow, Jr. At issue is the prudence of the operation of Robinson Unit 2 at 60% power from February 26, 1990 until July 13, 1990. After review of the evidence in accordance with the instructions of Judge Bristow, the Commission concludes that the replacement fuel cost associated with the operation of Robinson Unit 2 at reduced power was properly recovered by Carolina Power & Light Company (CP&L). The undisputed facts which give rise to the Commission's conclusion are as follows:

1. On March 21, 1990, the Commission held a hearing to establish CP&L's base rates for fuel costs.¹ The period under review was March 1988 through January 1990. Nucor Steel, A Division of Nucor Corporation, (Nucor) did not intervene in this proceeding.

1. This hearing was held pursuant to the procedures established under S.C. Code Ann. §58-27-865 (Supp. 1992).

2. The Commission issued Order No. 90-337 (April 30, 1990) as a result of that hearing. In that Order, the Commission concluded that "as to the outages studied by the witnesses [Mr. Coats and Mr. Sheely], the Company has not acted unreasonably." Order, p. 5. The testimony from that hearing indicated that CP&L and the Commission Staff had reviewed and analyzed each outage in the review period and concluded as to each that CP&L had not acted unreasonably. TR., Vol. 2, p. 23, lines 11-17; p. 26, lines 4-6; p. 34, line 14- p. 35, line 11; p. 40, lines 7-19; Vol. 3, p. 20, line 24- p. 22, line 19; p. 25, lines 2-22; p. 27, line 22- p. 28, line 6; p. 29, lines 1-12; p. 31, lines 2-21; Hearing Exhibit 4. [Docket No. 90-002-E] One outage reviewed during this period was caused by repairs to Robinson Unit 2's auxiliary feedwater system.
3. On September 19, 1990, the Commission held CP&L's next fuel proceeding. The period under review for this proceeding was from April 1990 through September 1990.² Nucor intervened and participated as a party of record in this

2. Because of the lag time between availability of data and the period under review, the Commission actually reviewed information for February 1990 through July 1990.

proceeding.³

4. At the beginning of this hearing CP&L moved to strike those portions of Nucor's pre-filed testimony which referred to the 1989 Robinson Unit 2 auxiliary feedwater outage and the subsequent operation of Robinson Unit 2 at 60% power during the current period under review. The Commission granted CP&L's Motion to Strike on the grounds that "the 1989 Robinson incident was outside the six-month period at issue here, and had previously been ruled upon by the Commission in its Order No. 90-337 and was therefore irrelevant to the matters under consideration in the instant Docket." Order No. 90-961 (October 19, 1990), p. 3. Consequently, the Commission did not consider Nucor's testimony.

5. Nucor appealed on this and other issues.⁴ Nucor argued that the Commission erred by granting CP&L's Motion to Strike. Judge Bristow remanded this issue with the following instructions to the Commission:

The Court remands this issue to the Commission for its consideration of the [Nucor's] testimony and ruling on the Robinson outage. This consideration

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4. The other issues ruled on by Judge Bristow were ultimately appealed to the South Carolina Supreme Court. See, Nucor Steel v. Public Service Commission, ___ S.C. ___, 426 SE 2d 319 (1992).

should include giving the testimony whatever weight it deems appropriate, consistent with applicable law. The Commission is to base its decision on the testimony presently of record, including the excluded testimony, and no additional evidence is to be presented or considered.

CONCLUSIONS OF LAW

1. Dr. William R. Jacobs, Jr. and Mr. Samuel H. Hobbs, Jr. testified on behalf of Nucor in Docket No. 90-004-E. The review period for this Docket was from April 1990 through September 1990.

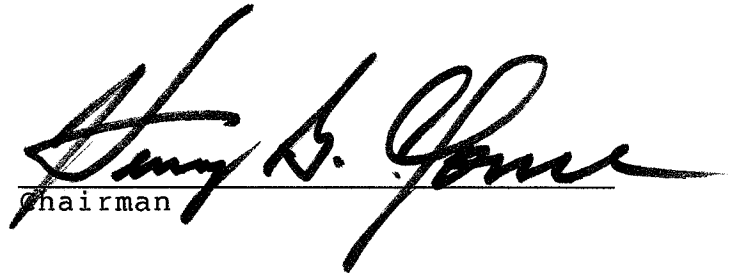
2. Dr. Jacobs and Mr. Hobbs testified that CP&L's operation of Robinson Unit 2 at reduced power as a result of the 1989 auxiliary feedwater system outage was imprudent. TR. p. 216, lines 12-13. According to their testimony, it would have been unnecessary to operate Robinson Unit 2 at 60% power during the peak summer season in 1990 (in order to avoid a refueling during the summer) if CP&L had corrected the problems with its auxiliary feedwater system piping earlier (i.e. before 1989). TR. p. 234, lines 9-23; p. 236, line 16- p. 237, line 3. Consequently, Nucor contended that the replacement fuel costs associated with the derating during the period under review should have been disallowed.

3. In Order No. 90-337 the Commission determined that CP&L had not acted imprudently with regard to the 1989 auxiliary feedwater system outage. The Commission concludes, therefore, that the resulting operation of the plant at less power during a subsequent period because of the outage cannot be considered unreasonable. Further, even if CP&L had discovered and repaired

the auxiliary feedwater system earlier, there is no evidence that CP&L would have incurred less fuel replacement costs at that earlier time. Accordingly, the Commission concludes that it properly allowed CP&L to recover the excess fuel replacement costs associated with the operation of Robinson Unit 2 during the period under review.


IT IS SO ORDERED.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:

Deputy


Executive Director

(SEAL)